

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

RETAIL ACCESS OPTIMIZATION INITIATIVE

Docket No. N2011-1

REPLY BRIEF OF THE PUBLIC REPRESENTATIVE
(November 10, 2011)

Respectfully Submitted,

/s/ Tracy N. Ferguson
Tracy N. Ferguson
Public Representative

/s/ John P. Klingenberg
John P. Klingenberg
Public Representative Team

901 New York Avenue, N.W.
Washington, D.C. 20268-0001
(202) 789-6844; Fax (202) 789-6891
[Tracy.Ferguson @prc.gov](mailto:Tracy.Ferguson@prc.gov)

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I. Introduction

The Postal Service's Initial Brief (Postal Service Initial or Brief) fails to focus on the merits of the Retail Optimization Access Initiative (RAOI or Initiative) in the instant case or to provide assistance to the Commission in formulating its Advisory Opinion. The Postal Service instead, to its detriment, chose to concentrate its efforts on discrediting all intervenor testimony. This hollow approach loses credibility when juxtaposed with the Postal Service's inability to provide a clear and consistent objective for RAOI and demonstrative evidence to support it. Remarkably, the Postal Service testimony and Brief, has not articulated a single improvement that will result by implementing RAOI. Due to the public policy and legal ramifications of the Initiative, the Commission should issue an advisory opinion rejecting RAOI and directing the Postal Service to go back to the drawing board.

II. Postal Service Initial Brief Propagates Confusion Instead Of Information

a. The Ever-Shifting Objective Of RAOI

The Postal Service's position on the objective(s) of RAOI has been mercurial, at best. It's failure to commit to a clearly designated objective is disconcerting and begs the question whether a legitimate purpose for the RAOI exists. Below are some of the conflicting evidentiary statements made by the Postal Service and/or its representatives throughout this case.

- "to evaluate certain categories of facilities within the postal retail network to determine whether their numbers can be reduced" Request at 3-4.
- "to determine if reasonable opportunities exist for making the network more efficient and customer access more convenient" USPS-T-1 at 13.
- "to better align postal retail facilities with demand" Transcript Volume 1 at 620.
- "to identify opportunities for retail access optimization" Response to CSRL/USPS-5.
- "to identify retail facilities to consider for discontinuance" USPS-T-1 at 1.
- "But what we want to do is look at -- well, I will refer to my document.... improve efficiency and enhance customer convenience in the provision of retail services... and then obviously capture the resulting cost savings from any closure that may occur" Transcript Volume 1 at 619.

- “to apply the USPS Handbook PO-101 discontinuance review process to evaluate a manageable number of facilities, of varying types, within the postal retail network and see what the Initiative yields” Brief at 10.

The Postal Service enters the instant case stating in its Request that its objective with RAOI is, at least in part, to reduce the number of network facilities. Request at 3-4. However, once this objective is challenged on the basis that RAOI criteria (the means for achieving the objective) violate Title 39 and fails to consider essential data such as population density, demographics, or purchasing patterns, the Postal Service backs away from this assertion and claims that RAOI’s sole purpose is simply to identify facilities for discontinuance reviews. All the while, the Postal Service claims that the RAOI “nomination” is not synonymous with closure – despite closure being the original and articulated objective. After making several verbal acknowledgements that the modus behind to RAOI’s development and implementation is “to determine if reasonable opportunities exist for making the network more efficient and customer access more convenient,¹” the Postal Service chose to move away from this goal as well when it became clear that it had not done the necessary ground work and data analysis to competently fulfill this objective. If the Postal Service truly viewed the purpose of the RAOI to identify and thereby improve the efficiency of the postal retail network, it would be accepting for the data-driven testimony of the interveners, not begrudging of it.

The Postal Service now wants the Commission to believe that the objective of RAOI is simply to identify facilities for discontinuance review and see what it “yields.”² There is much more at stake with RAOI. Claiming first that RAOI was developed “to improve efficiency and enhance customer convenience in the provision of retail services. . .and then obviously capture the resulting cost savings from any closure that may occur,³” but concluding that it is simply an identifier, is an over simplification that serves to mask the true extent of RAOI’s effect on the postal landscape. A nationwide affect, properly acknowledged and touted by the Postal Service at the outset of this case.

¹ USPS-T-1 at 1, 13.

² Brief at 10.

³ USPS-T-1, vol 1 at 619.

When the Postal Service continues to shift the focus of RAOI until it settles on something innocuous, it is easy for it to dismiss the interveners for missing the latest mark. However, by playing a tacit shell game instead of addressing the specific utility of RAOI and the extent of its flaws, the Postal Service ultimately discredits its own initiative and the efforts put into developing it.

b. RAOI Is “Not A Data-Driven Initiative”

As with the objective of RAOI, the Postal Service is inconsistent about the characterization of RAOI. When claiming the purpose of RAOI is to reduce the number of facilities and realign the network for optimal efficiency, the Postal Service describes RAOI as a data-driven initiative. Conversely, when it becomes beneficial for the Postal Services to negate RAOI's disparate impact, shy away from the Initiative's inherent statutory violations, and explain away the quantitative errors and failure to consider valuable data during RAOI's development, the Postal Service opts to characterize the Initiative as non-data driven.

“The Postal Service Request was accompanied by relatively little data aside from (soon thereafter) that used to identify RAOI offices nominated for the conduct of discontinuance studies. From the Postal Service perspective, **aside from data underlying selection of retail facilities for inclusion in RAOI, and the commencement (although not necessarily completion) thereafter of a discontinuance study regarding each nominated facility, RAOI is not a data driven initiative.** Participants in the case, however, quickly sought to acquire data in the RAOI docket, via discovery and information requests, much of which focused on attributes of RAOI nominated facilities far beyond what was necessary to their selection into RAOI, and other information which focused more broadly upon all Postal Service facilities.” Postal Service Initial Brief at 78. (emphasis added).

From the outset, the Postal Service argues that RAOI should be judged on the data and analytical methods used to develop the proposal.⁴ Unfortunately, as the Postal Service admits, *infra*, the RAOI lacked supporting evidentiary data when the current case, N2011-1, was docketed with the Commission. Postal Service Initial Brief at 78. As the record shows, after repeated requests during the discovery process, the Postal Service finally provided essential network information concerning the RAOI, such as retail facility earnings, salaries, revenue, and workload hours, et.al. This information became the basis for data analyses conducted by the Public Representative and others

⁴ See Request at 12.

participants (barring any non-public information) in assessing the empirical validity of RAOI.⁵ Testimony and discovery also confirm that the Postal Service repeatedly denies having an analytical method or methodical approach to RAOI, yet irresponsibly attempts to shift the fault and burden of devising on to the other participants by criticizing them for not having such a method as part of their respective arguments. For the Postal Service's to now argue that the data requested by the interveners, and subsequent analysis, does not reveal anything germane about the RAOI is particularly interesting given that the initial proposal provided by the Postal Service was so limited in scope that it did not even contain the addresses of the facilities that will undergo discontinuance reviews as a result of the RAOI. The Postal Service's latest stance that participants have been too data driven not only contradicts its previous allegation but shows that it is grasping at straws to keep RAOI alive, despite what the facts show.

In its second breath, the Postal Service criticizes witnesses Morrison,⁶ Klingenberg,⁷ Heath,⁸ and Waters⁹ for being too data-driven, providing information that may be useful to future proposals, but provide data analyses that should not inform the Commission's judgment of the RAOI. The Postal service wants the Commission to believe that the data-driven analyses and related testimony of these witnesses are wholly unrelated to the "questions central to an advisory opinion,"¹⁰ i.e., whether the RAOI is in accordance with Title 39. In fact, the data analyses are precisely what need to be used to properly inform the Commission of the true nature and underpinnings of RAOI, something the Postal Service has steered clear of doing. The data analyses confirm that the development, structure, and implementation of RAOI are intrinsically

⁵ See PR-T-2 Appendix.

⁶ "Ms. Morrison could have testified directly on retail access questions central to an advisory opinion." Postal Service Initial Brief (Postal Service Initial) at 68.

⁷ "Mr. Klingenberg has therefore allowed his preferences for data driven decision making processes, final facility-specific decisions, and approaches to network optimization to corrupt his fundamental understanding of what the Postal Service requests in this docket to something quite different. It therefore is no surprise that his analysis bears little upon the actual RAOI proposal." Postal Service Initial at 81.

⁸ "NNA's written and oral testimony in this docket seems to be directed towards previous or anticipated postal initiatives, as opposed to the one proposed in this docket" Postal Service Initial at 48-49.

⁹ "He defines network optimization in a way that is quite unrelated to the Retail Access Optimization Initiative" Postal Service Initial at 84.

¹⁰ Postal Service Initial at 68.

linked to the disparate impact on small and rural communities, repeated violations of Title 39, and unsubstantiated or justifiable cost savings.

The data-driven analyses of the interveners should be given significant weight. Public Representative witnesses Klingenberg and Waters not only used Postal Service provided data but offered the Postal Service viable suggestions on how to use that data to improve the current proposal to the extent that it could properly be considered an optimizing initiative.¹¹ This level of data-based analysis is precisely what the Postal Service initially claimed it wanted. However, to the Postal Service's chagrin, intervener testimony and data analysis have conclusively shown that the RAOI will have a disparate demographic impact in urban areas¹² and will be used to close small offices serving rural populations that operate at a deficit against the intent of Title 39.¹³

In USPS-T-1, the Postal Service provided a general discussion of distance between retail access facilities that has been proven inaccurate and misleading by intervener testimony.¹⁴ Once the Postal Service receives the data-driven results and does not like what it this data reveals, it turns back around and claims the retail network data it supplied and upon which the Public Representative's (and others') analyses are based, should now be considered insignificant and unrelated to the advisory opinion. The Public Representative disagrees that the development, criteria selection, location of all postal facilities, and precise locations of RAOI candidates is unimportant to evaluating the legality of the RAOI. For the Postal Service to refuse to acknowledge the causal link between the development and results of RAOI implies that it is not only aware of RAOI's inherent problems but also with the illegitimate bases for them.

The Commission must give the intervener testimony significant weight in its analysis of the Postal Service's proposal because the only testimony that contains analysis is the intervener testimony. The Postal Service politely states that the intervener testimony might be used by the Postal Service to inform future plans for closing Post Offices. However, the analyses provided by the parties show the Commission would be wise to advise against the implementation of RAOI. The Postal

¹¹ See Postal Service Initial at 80-88.

¹² See APWU Initial Brief at 13.

¹³ See AUSPL Initial Brief at 2.

¹⁴ See Public Representative Initial Brief at 19.

Service should use the data and methods provided in this docket not to inform a future retail “right-sizing” proposal, but rather to scrap RAOI and design a proposal with beneficial results.

**c. The “Business Purpose” Of The RAOI “Low Workload” Criterion
Was To Close “Rural Offices Operating At A Deficit”**

“In the Postal Service view, RAOI does not consider impacts on customers by itself... the largest group of offices embodied in RAOI are those with low workload, a criterion that relates directly to the business purposes for which RAOI was undertaken as an optimization initiative.” Postal Service Initial At 66

“One major foundation for witness Boldt’s direct testimony (USPS-T-1) is the under utilization of classified retail facilities for accessing retail facilities... Indeed, the intention to examine these facilities and see if discontinuance is a viable option for any of them goes to the very heart of whether RAOI amounts to an optimization exercise. This aspect of RAOI was not, however, of apparent interest to witness KlingenbergHence witness Klingenberg chose to steer clear of what he knew was a key foundation for RAOI. While witness Klingenberg also explains that he had not found data, at least of the types he considered useful, that bears on the issue of excess capacity (Tr. Vol. 4 at 1676-78), the fact remains that the Postal Service explained, while providing supporting data, for how it selected offices for RAOI based on that criterion.” Postal Service Initial at 82.

“Q: When you mentioned low activity for these RAOI identified offices, do you mean deficit, operating at a deficit?

A: Low activity based on the workload.

Q: Okay. In terms of optimization, the Chairman mentioned that you had articulated what you look at to optimize. Can you tell us what you believe the RAOI is actually optimizing?

A: I believe it’s optimizing our retail network, where we need retail facilities, where we may not.” Transcript Volume 5 at 1851.

In its Brief, the Postal Service opens a line of reasoning underdeveloped in its Request and testimonies. The testimonies produced by the Postal Service do not contain the phrase “excess capacity.” The Postal Service did not provide any information regarding the extent of the excess capacity that currently exists in the “low workload” offices. USPS-T-1 stated the impetus of the RAOI was to “determine if reasonable opportunities exist for making the network more efficient and customer access more convenient,”¹⁵ not to reduce “excess capacity.” On the stand, the Postal Service witness was careful not to state that the “low workload” criterion identified

¹⁵ USPS-T-1 at 13.

offices that operate at a deficit, even though the Postal Service was unable or unwilling to provide analysis showing otherwise. The Postal Service witness also failed to point to excess capacity as a rationale for selection. Instead of focusing on the “business purpose” of reducing excess capacity, he maintained the focus of the “low workload” selection criterion was to eliminate retail facilities where the Postal Service does not need them. If the Postal Service believes that there is excess capacity in the “low workload” offices, it may have the managerial flexibility to reduce operating hours to better match work hours with capacity, a measure it appears to recognize is prudent.

d. The PO-101 Handbook Does Not Provide Local Officials With Authority Or Ability To “Fulfill the Postal Service Obligations” Under Title 39

The fact that a small Post Office is "operating at a deficit" is explicitly barred from being the determining factor in deciding whether to discontinue a given office, as specified by USPS Handbook PO-101 section 213.4. See USPS Library Reference N2011-1/1 at 8. Hence, there is no basis for asserting that the RAO Initiative has targeted any retail facilities of any size or description on this basis. (Footnote Omitted) Postal Service Initial at 17.

The Post Office 101-Handbook (Postal Handbook) is the creation of the Postal Service. It is the Postal Service’s scripting of its rules, processes, and regulations. Simply because something is written in the Postal Handbook does not make it law. Simply because a process is outlined in the Postal Handbook does not make that process *ipso facto* legal in all instances. More importantly, the Postal Handbook neither prevents nor protects against abuse of discretion on the part of the Postal Service. It is simply a book of agency procedures wrought with undefined terms for critical language such as “rural,” “small,” “reasonable access,” and “acceptable alternatives.”

The Postal Service incorrectly argues that the Postal Handbook will prevent small Post Offices from being discontinued “solely for operating at a deficit.” The Postal Handbook is only applied to RAOI offices after they have been identified through the RAOI selection criteria. The RAOI “low workload” criterion specifically targets small retail facilities in rural locations that operate at a deficit.¹⁶ Without RAOI, these facilities would not be closed. The Postal Handbook does not provide any protections to uphold

¹⁶ See AUSPL Initial Brief at 2.

the requirements of Title 39. The Postal Handbook does not contain any definition of small, or rural. The Postal Handbook does not prevent local authorities from pursuing a discontinuance study if they have been told to do so simply because the facility operates at a deficit; this is the case with the RAOI. The Postal Handbook ultimately requires that local officials provide a rationale for closing a small facility, and that this rationale not solely be the financial deficit of the facility. The Postal Handbook does not comment on the relationship between the rationale provided and the truth¹⁷

e. The Postal Service Argues “There is No Optimal Or Ideal Postal Retail Network”

“There is no optimal or ideal postal retail network; there is no configuration or mix of postal retail locations and alternate access channels that, once established, can be expected to serve the American public into perpetuity.” Postal Service Initial at 12.

In its Initial Brief, the Postal Service claims that there is no optimal or ideal postal retail network and that any changes made to the postal network of today will require review and revision in the future. This is a statement few would debate. Nevertheless, the Postal Service has an obligation to provide effective access to retail services. It has chosen to implement RAOI, it has claimed on several occasions on the record that the RAOI objective is efficiency and improvement of the retail network, it therefore must be ready for constructive criticism when its proposal disparately affects not only a large portion of the American public but a Congressionally protected class under the PAEA. The Postal Service attempts to debunk expert testimony by pointing out the difficulty and impossibility of the requisite data analyses and calculations that would have to be made. The Public Representative concludes the Postal Service has made the impossibility of a perfect network the enemy of a good network that complies with the requirements of Title 39.

¹⁷ It is important to note that while Title 39 requires the Postal Service not close a small post office solely for running a deficit, the Postal Handbook does not require it to show it has done this other than to put down another reason. The Postal Handbook does not require explanation or even a brief discussion to affirm that the reason relayed is in fact a sustainable and justifiable reason, not just a façade.

f. Postal Service Now Willing To Reduce Hours As Alternative To Closure

On November 2, 2011, just two business days after testimony concluded in the instant case, Postmaster General Patrick Donohue publically announced the Postal Service has decided to reduce the hours of operation for select postal facilities in lieu of discontinuance and establishing alternative access sites, such as Village Post Offices. As Reuters reports,

"The financially troubled U.S. Postal Service has determined that its plan to replace money-losing offices with retailers contracted to offer basic services will not work in many rural communities . . . It is now looking at ways to operate some rural post offices more cheaply rather than closing them." <http://www.reuters.com/article/2011/11/02/us-usa-postal-village-idUSTRE7A12GJ20111102>.

This statement and its underlying acknowledgement comes as a surprise, especially in light of the Postal Service's emphatic position that for an RAOI candidate, it was an all (remain open) or nothing (discontinuance) deal. See, DBP/USPS-17. The fact that the Postal Service was considering less disruptive alternatives, conceding that some rural communities are not conducive to alternative access sites, and acknowledging the importance a post office to the vitality of some communities is significantly informative.¹⁸ It reveals that the Postal Service is fully aware that reducing hours is a far less laborious and statutorily acceptable means of reducing operating costs.

When asked directly, as it was in the discovery process, whether the Postal Service would consider alternative ways to reduce post office costs other than discontinuance, the Postal Service failed to relay that such discussions were in fact underway. Even assuming these discussions did not commence until after the discovery period, the Postal Service had a legal obligation to revise its interrogatory responses and, if and when asked on the stand, provide currently accurate testimony. It did neither.

For the Postal Service to sit on such information until the close of the docket is insincere, at best, and on the cusp of an evidentiary violation. The fact that the Postal Service was considering or had decided to reduce hours of operation would have been extremely informative as it would reveal the Postal Service's own misgivings about

¹⁸ "When you get west of the Mississippi, it's more prevalent that you don't have stores in these communities, you have nothing in these communities. It's pretty much just the post office," Postmaster General Patrick Donahoe told Reuters in the interview. *Id.*

closing a vast number of small and rural post offices for cost-based reasons. This again, confirms the Public Representative's assertion that the RAOI is a rushed initiative that fails to take into account less onerous means of achieving a more optimal result.

III. ValPak Correctly Summarizes the True Purpose Of The RAOI, But Misstates Requirements Of Title 39

In its Initial Brief, ValPak argues that the Postal Service has valid reasons for closing the RAOI offices, and if the offices are not closed, the American Public will be forced to pay a higher tab when it bails out the Postal Service in the near future. ValPak states that the PAEA has not provided the Postal Service the means to fund its retail network, and goes on to advocates for the replacement of Post Offices with CPUs, VPOs, and other low-cost alternatives. ValPak correctly restates the primary purpose of the RAOI, the closure of small Post Offices located in rural communities that operate at a deficit, but it inappropriately confers upon the Commission the authority¹⁹ to rewrite or delete sections of Title 39 it deems no longer necessary and detrimental to the Postal Service's inability to effect self preservation.

a. RAOI is Intended to Close Rural Offices that Operate at a Deficit

For post offices with a two-hour earned workload, the Postal Service reports that in 2010 the average annual revenue was \$21,476, and the average total operating expense was \$76,902. Response to VP/USPS-T1-4. The **annual operating deficit** at such facilities thus **averaged \$55,426**. For communities with a resident population of between 400 to 600, these figures imply that **for each resident** the (i) annual revenues averaged between \$36 and \$54, (ii) annual cost averaged between \$128 and \$192, and thus (iii) **operating per-capita deficit averaged between \$92 and \$139**. ValPak Initial Brief at 7 (VP Initial).

ValPak correctly evaluates the facts regarding the operating deficit for the RAOI offices. While the hypothetical per-capita deficit is slightly off (the analysis contain in Table 8 on page 14 of PR-T-2 shows that the average population served by RAOI "low workload" offices is roughly 1300 people), the result of ValPak's analysis is correct. The "low workload" offices are in small communities, they serve rural customers, and the Postal Service operates them at a deficit. And now ValPak encourages the

¹⁹ ValPak misreads the United States District Court of Pennsylvania's finding in Tedesco v. United States Postal Service, 553 F. Supp. 1387, 1389 (W.D. Pa. 1983), that ultimately held federal district courts do not have jurisdiction over the provision of postal access via the location of post offices. VP Initial at 12-13.

Commission to recommend the closure of these small offices due to the general financial difficulties of the Postal Service. ValPak objectively and honestly states that “The Commission has received testimony (and comments) that any estimate of savings from closure of all small post offices on the RAOI list is but a small percentage of total Postal Service revenues. However, the principles the Commission adopts in this docket could influence other closings which may come later. The financial imperative which drives the Postal Service at this critical time cannot be ignored because the dollar amounts are modest.” ValPak argues that the Commission must recommend implementation of RAOI, even though the financial savings will be minimal, the population affected sizable, and the impact illegal, because the Postal Service plans on closing at least 10,000 locations, and the Commission should not force the Postal Service to stumble upon the first hurdle.

**b. Title 39 Specifically Intends To Protect These “Inefficient Facilities.”
ValPak Argues The Time For Ending Universal Service Is Now.
Congress Disagrees.**

The Postal Enhancement and Accountability Act (“PAEA”) requires that the Postal Service pre-fund retiree health care benefits in the amount of approximately \$57 billion over a 10-year period starting in FY 2007. Efforts by the Postal Service to comply with this section of the law have (i) exhausted such financial reserves as the Postal Service had when PAEA was enacted in December 2006, (ii) caused the Postal Service to borrow the maximum \$15 billion allowed under the law, and (iii) left the Postal Service with no means to make the payment to the Retiree Health Benefits Fund that was due on September 30, 2011. VP Initial at 4.

39 U.S.C. § 101(b) provides that “no small post office shall be closed solely for operating at a deficit.” However, there is no bar to considering economic realities in this nature of service docket, or even in the closing of a post office. As John Adams said, “Facts are stubborn things.” Obligations to continue operations must be paid as incurred. Sometime during 2012 it appears virtually inevitable that the Postal Service will require some form of bailout from Congress, possibly from taxpayers, in order to continue operating. The larger the continuing deficit, the larger the taxpayer bailout(s) that could be required. Uneconomic retail services, including but not limited to those post offices with a two hour earned workload, constitute what long has been the most expensive and inefficient way of providing citizens with access to retail postal services. So long as First-Class Mail provided ample surplus revenues, these post offices once could have been viewed as a luxury that the Postal Service was able to afford. Now, however, absent any increase in mail volume, when considering losses and subsidies involved in various and sundry operations that are neither economic nor necessary, the question is: who should have the responsibility to subsidize unnecessary losses? *Id.*

As ValPak correctly summarizes, PAEA, much like the PRA before it, places a number of USO obligations on the Postal Service as well as a \$57 billion pre-funding obligation. ValPak argues that due to financial difficulties, the Postal Service should be provided the managerial flexibility to stop providing uneconomical retail services. Interestingly, ValPak associates the pre-funding section of Title 39 with the exhaustion of the Postal Service's financial reserves and borrowing authority, not with the operation of the retail network. The unrelated financial difficulties of the Postal Service are not a valid reason for dismantling the Postal Service's retail network. Indeed, Congress included the language of the PRA concerning the closure of small Post Offices in the PAEA to protect these small offices. The users of the mail enjoy the financial benefits of the products offered by the Postal Service, and the fact that the Postal Service offers a service with unduplicated universality. Part of the expense of this universality is the cost of providing service to rural areas. While ValPak correctly points out that offering this service is uneconomical to the Postal Service from the perspective of the walk-in-revenue compared to the operational cost, the more complex calculus regarding the value to the system of offering universal service is left undiscussed. Furthermore, ValPak does not explain how the Commission should balance the Title 39 requirements regarding small Post Offices. ValPak argues the requirements should be ignored.

c. ValPak Misreads The RAOI As An Opportunity to Substitute Low-Cost Alternative Channels For Post Offices

Expanded use of these alternate retail access channels reflects a positive response on the part of the Postal Service to the 2006 Congressional mandate in PAEA. Response to VP/USPS-T1-11. Congress clearly had a reason for including this mandate in PAEA, and in recognition of that Congressional intent the Commission's Advisory Opinion in this docket should encourage further use of and reliance on these alternate low-cost access channels to the maximum extent practical. VP Initial at 10.

Congress intended PAEA to encourage the Postal Service to find efficiencies and reduce costs, including in the retail network. The Postal Service, as ValPak points out, is obligated by PAEA to develop alternative access channels. The information currently available regarding alternative access locations suggest that the RAOI "low workload" locations are not likely to offer the Postal Service the opportunity to open the "low-cost" alternatives it recommends. This has been recently discussed by Postmaster General

Donohue. The Postal Service packaged the new VPO alternative channel with the RAOI in an apparent attempt to placate potentially affected communities. However, it is clear that the Postal Service will not be able to replace RAOI Post Offices with VPOs.

IV. Conclusion

In conjunction, the Postal Service and ValPak succinctly highlight the choice before the Commission: recognize that PAEA created more universal service obligation burdens than the marketplace or the Postal Service could bear and remove the protection of small post offices, or reject RAOI. The RAOI is a proposal that is not “data-driven,”²⁰ does not “consider the impacts on customers,”²¹ and blatantly violates Title 39 by closing small post offices that serve rural populations and operate at deficit.²² The Commission should find that the RAOI proposal is not an effective use of top-down management, and recommend the Postal Service redesign the proposal before any implementation.

²⁰ Postal Service Initial Brief at 78

²¹ Postal Service Initial Brief at 66

²² ValPak Initial Brief at 7